

Message Text

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AMCONSUL GUAYAQUIL

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SUBJECT: AGRICULTURAL MACHINERY AND FOOD PROCESSING AND PACKAGING
TRADE MISSION

REF: A. USDOC 12072 B. GUAYAQUIL 1048 C. USDOC 14438 D. USDOC 15577

1. EMBASSY REGRETS DELAY IN SUBMISSION OF MARKETING SURVEY AND FINAL
RECOMMENDATIONS REGARDING SUBJECT MISSION. ONE BOTTLENECK HAS BEEN
INCOMPLETENESS OF 1973 IMPORT FIGURES RECENTLY TURNED IN BY LOCALLY-
CONTRACTED SURVEYOR OF FOOD PROCESSING EQUIPMENT. IN MEANTIME, FOLLOW-

ING PRELIMINARY FINDINGS AND RECOMMENDATIONS SHOULD ASSIST COMMERCE
IN DETERMINING MISSION SCHEDULE/ITINERARY.

2. FOOD PROCESSING/PACKAGING EQUIPMENT. ARTHUR D. LITTLE (ADL) PHASE
1 REPORT (JULY, 1974) FOR THIS EQUIPMENT GIVES CIF VALUES OF TOTAL
1971 AND 1972 IMPORTS AS US\$9.6 AND 10.2 MILLION RESPECTIVELY. LOCAL
CONTRACTOR, WHO EXTRACTED IMPORT DATA COVERING ONLY CERTAIN
SUBCATEGORIES (APPROX. 10 PERCENT OF TOTAL EQUIPMENT ENTRIES)
REPORTS US\$1.4 MILLION IN 1970; .8 MILLION IN 1971; 1.4 MILLION IN
1972; AND 2.8 MILLION IN 1973. IN 1973 WEST GERMANY SUPPLIED 26.3
PERCENT OF FOOD PROCESSING EQUIPMENT, FOLLOWED BY US (23.2) AND ITALY
(15.3). FOR PACKAGING EQUIPMENT US LED WITH 43.6 PERCENT, FOLLOWED
BY ITALY (17.8). CONTRACTOR ESTIMATES 10 - 15 PERCENT ANNUAL IMPORT
GROWTH OVER NEXT FEW YEARS, UNLESS NEW FIRMS ESTABLISHING IN FOOD
PROCESSING/PACKAGING INDUSTRY GENERATE EVEN GREATER DEMAND. ADL
REPORT, ON OTHER HAND, FORESEES ANNUAL GROWTH RANGE OF ABOUT 20
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PERCENT DESPITE CURRENT LAG IN AGRICULTURAL PRODUCTION.

3. MARKET FOR FOOD PROCESSING EQUIPMENT APPEARS HEAVILY CONCENTRATED IN GUAYAQUIL REGION. LOCAL CONTRACTOR INTERVIEWED TOTAL OF 18 PROCESSING FIRMS; 5 IN QUITO, 6 IN GUAYAQUIL, 4 IN MANTA (FISHING PORT), AND 3 IN CUENCA (LATTER TWO LOCATED IN GUAYAQUIL CONSULAR DISTRICT). OF 13 FIRMS LOCATED IN GUAYAQUIL CONSULAR DISTRICT, 9 INDICATED INTENTION TO PURCHASE NEW MACHINERY SOON, WHEREAS ONLY ONE OF FIVE IN QUITO INDICATED SUCH INTENTION. MOST BUYER INTEREST WAS EXPRESSED BY MEAT, FISH AND FRUIT/VEGETABLE PROCESSORS AND CANNERS.

SUGAR REFINERS AND COCOA PROCESSORS ALSO APPEAR TO BE GOOD PROSPECTS. ONE PROBLEM FACED BY FOOD PROCESSORS IS INSUFFICIENT SUPPLY OF LOCALLY-

PRODUCED CANS, GLASS BOTTLES AND JARS, AND HIGH COST OF IMPORTED CONTAINERS REQUIRED TO SUPPLEMENT LOCAL PRODUCTION.

4. PROSPECTIVE TOTAL MARKET IN ECUADOR, AS IDENTIFIED BY CONTRACTOR, CONSISTS OF 188 MEDIUM-TO-LARGE, AND 119 SMALLER END-USERS AND IMPORTERS OF THIS EQUIPMENT. OF TOTAL, 96 ARE LOCATED IN GUAYAQUIL, 20 IN CUENCA AND 17 IN MANTA, AS AGAINST ABOUT 93 IN QUITO AND VICINITY (OF WHICH APPROX. 19 ARE SMALL BACKERIES). MOST NUMEROUS CATEGORIES AMONG LARGER COMPANIES ARE PROCESSORS/ PACKERS OF: MEAT (21); FRUIT/VEGETABLES (2); FISH AND OTHER SEAFOOD (35); ANIMAL FEED AND VEGETABLE OILS AND FATS (38). AMONG MORE IMPORTANT PROCESSING FACILITIES ARE 10 GRAIN MILLS, 3 SUGAR MILLS, TWO LARGE BREWERIES, AND 8 LARGER CACAO PLANTS.

5. AGRICULTURAL MACHINERY AND EQUIPMENT. ALTHOUGH MARKET SURVEY FOR THIS EQUIPMENT STILL INCOMPLETE, EMBASSY HAS NO DOUBT AS TO GREAT POTENTIAL. MARKET, HOWEVER, IS LARGELY GOVERNMENT STIMULATED, AND GOE AGENCIES WILL BE PURCHASERS OF MILLIONS IN AGRICULTURAL IMPLEMENTS DURING COMING YEARS. FOR THIS REASON, NO TRADE MISSION CAN AFFORD OVERLOOK CONTACTS WITH NATIONAL GOVERNMENT OFFICIALS IN QUITO. IN PRIVATE SECTOR, BEST PROSPECTS LIKELY ARE PLANTATIONS (BANANA, SUGAR, COFFEE, ETC) IN COASTAL ZONE.

6. RECOMMENDATIONS. IN VIEW OF ABOVE, EMBASSY AND CONSULATE STRONGLY RECOMMEND THAT FOOD PROCESSING/PACKAGING PORTION OF TRADE MISSION GO TO GUAYAQUIL. AGRICULTURAL EQUIPMENT PORTION, HOWEVER, SHOULD PLAN TO SPEND AT LEAST ONE DAY IN QUITO FOR UNCLASSIFIED

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MEETINGS WITH GOE PURCHASING AGENCIES (WE ASSUME THAT MISSION WILL SPEND AT LEAST THREE WORKING DAYS IN ECUADOR). AIR TRAVEL BETWEEN QUITO AND GUAYAQUIL IS LOW-COST 45-MINUTE FLIGHT WHICH WOULD ALLOW MEMBERS TO RETURN TO GUAYAQUIL HOTEL IF DESIRED AFTER CONCLUSION OF DAY'S INTERVIEWS IN QUITO.

7. REF. C NOTES ETA GUAYAQUIL AS FEBRUARY 14, WHICH IS A FRIDAY. WE STRONGLY SUGGEST THAT MISSION NOT PLAN TO BEGIN THREE-DAY

WORKING SESSION ANY EARLIER THAN MONDAY NOON, SINCE FEBRUARY IS
HOLIDAY PERIOD ON COAST, AND LOCAL BUSINESSMEN ARE UNLIKELY TO
BE AVAILABLE IN CITY BETWEEN FRIDAY AND MONDAY NOON.

8. EMBASSY WILL POUCH ADDITIONAL SURVEY DATA WHEN AVAILABLE,
INCLUDING COPY OF ARTHUR D. LITTLE PHASE I REPORT IF COMMERCE
HAS NOT RECEIVED IT DIRECTLY. PLEASE ADVISE.
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